

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2016 - 2017

(Annexure to the Directors' Report)

A. COMPANY'S PHILOSOPHY

At Nagarjuna, we believe in the philosophy of 'Serving Society through Industry', with the Nagarjuna Culture being 'We live every moment of life in harmony with nature to create value for ourselves, our stakeholders and the society'.

This philosophy is backed by principles of concern, commitment, ethics, excellence and learning in all its interactions with stakeholders, customers, associates and community at large which has always propelled the Group towards newer horizons.

Owing to the changing business environment in which the Company today operates, your Company has drawn up a Vision

'To be global leaders in plant nutrition' with a Mission

'We shall pioneer transformation in plant nutrition, deliver wholesome plant nutrition solutions to the farmers and be the organization to be associated with'.

At Nagarjuna, we continually strive to transform our business environment. We are committed to continuously evoke customer delight through constant review, monitoring and delivering proactive value-added solutions. We are also committed to provide satisfaction of all stakeholders in a balanced manner through sustainable growth and profitability. We also aim to create an environment where work becomes an enjoyable experience aligning individual goals with organizational goals, share knowledge and information, be proactive and responsible, pursue excellence and be committed, transforming the society. We aim to create an environment which enhances opportunities for all the good things, better health, education and overall quality of living that life has to offer.

At Nagarjuna, we believe that it is not the latest technology or management practice (as important as they are) that makes an organization successful as it ought to be. However, what makes it an enterprise worthy of emulation is that it shapes the environment in which it grows through active fostering of creativity, innovation, entrepreneurship and knowledge sharing.

We believe in the principles of trusteeship, fair play and transparency in all our dealings. We endeavour to have a work culture, which is performance-driven and conducive to improving discipline, accountability, character, team spirit and honesty, personally and professionally.

We also believe that mutual care and concern among the employees and the organization acts as a guiding principle.

GOVERNANCE PHILOSOPHY

Your Company firmly believes that building a culture of compliance is more than meeting regulations and standards.

Your Company is always proactive in meeting mandated standards and practicing Corporate Governance in spirit and not just the letter of the law.

Your Company's philosophy on Corporate Governance is based on following principles:

- i) Preserving core values and ethical business conduct.
- ii) Commitment to maximizing shareholder value on a sustained basis.
- iii) To enhance the efficacy of the Board and inculcate a culture of transparency, accountability and integrity across the Company.
- iv) Perceiving and mitigating the various risks that impact the Company.
- v) Make timely and transparent disclosures.
- vi) Legal and statutory compliances.

Your Company's ethos is self-regulatory system of prompt reporting, monitoring, certification and voluntary code of practice and standards improving management effectiveness, supervision and accountability to stakeholders.

CORPORATE ETHICS

As a responsible corporate the Company consciously follows corporate ethics in business and corporate interactions. The various Codes and Policies adopted by the Company that determine its functioning are:

- Code of Conduct and Ethics for Senior Management
- Code of Conduct for Prevention of Insider Trading
- Policy on Corporate Social Responsibility
- Policy on Corporate Governance
- Policy on Related Party Transactions
- Legal Compliance Policy
- Whistle Blower Policy
- Policy on Vendor Grievances
- Policy on Supply Chain
- Policy on Succession Planning
- Policy on Employee Participation in Management
- Policy on Conflict Management
- Policy on Training for Board of Directors
- Policy on Induction of Directors
- Board Charter
- Forex Risk Management Policy
- Policy on Corporate Sustainability
- Policy on Sexual Harassment at Workplace
- Policy on Board Evaluation
- Policy on Nomination and Remuneration
- Policy for determining Material Subsidiaries
- Policy for Preservation and Archival of Documents

- Policy on Disclosure of Material Events
- Policy on Bio-diversity
- Gift Policy
- Health Safety and Environment Policy
- Human Rights Policy

The effective implementation of these codes/policies underpins the commitment to uphold highest principles of Corporate Governance consistent with the Company's goal to enhance stakeholder value. These codes/policies are briefly described in the report.

DATE OF REPORT

The information provided in the Corporate Governance Report for the purpose of unanimity is as on March 31, 2017.

The Report is updated as on the date of the report wherever applicable.

B. BOARD OF DIRECTORS

ROLE OF BOARD OF DIRECTORS

The Board has its own charter which sets out the role, structure, responsibilities and operation of the Board.

The primary role of the Board is that of trusteeship to protect the interest of Company, its stakeholders and enhance their value. As trustee, the Board ensures that the Company has clear goals and policies for achievement which are in alignment with the Vision and Mission of the Company.

The Board provides strategic direction, reviews corporate performance, authorizes and monitors strategic decisions, ensures regulatory compliances and safeguards interest of stakeholders.

The Board is responsible for maintaining and nurturing high levels of Corporate Governance in the Company.

PECUNIARY RELATIONSHIP

Non-Executive Directors/Independent Directors are committed to maintain a high level of Corporate Governance and as such they do not have any material pecuniary relationship with the Company except as stated in the Corporate Governance report.

COMPOSITION

The Board of Directors of the Company consists of an optimum combination of Executive, Non Executive Directors and Independent Directors from eminent and diverse fields including one woman director.

The members of the Board of Directors of the Company include nominees of IDBI Bank Limited, IFCI Limited, ICICI Bank Limited, State Bank of India and our co-promoters Krishak Bharathi Cooperative Limited and nominees of core promoter companies.

The Board believes that the current size is appropriate based on the present circumstances and periodically evaluates the need for change in composition and size of the Board. As on March 31, 2017 the Company needs to appoint one additional

independent director in compliance with the requirements of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The table below shows the composition of the Board as on March 31, 2017.

Category	No. of Directors	% of total No. of Directors
Executive Directors	2	16.66%
Non-Executive Directors	1	8.33%
Nominee Directors	4	33.33%
Independent Directors	5	41.66%

The composition of the Board has since undergone a change, pursuant to Mr. D Ranga Raju being appointed as Additional and Independent Director with effect from May 26, 2017.

DIRECTORS ATTENDANCE AND DIRECTORSHIP HELD

None of the Directors of your Company are Directors on the Board of more than 20 companies or 7 listed companies or 10 Board level committees or Chairman in more than 5 Committees, across all companies in which they are Directors.

The table on the next page gives the details of the Board and AGM attendance, membership in all the Committees of Board of the Company and Directorships and committee positions held in other companies, for the year 2016-17.

Director	DIN No.	Attendance Particulars			Committees of Board of NFCL	No. of Board, all the Committee Memberships & Chairmanship (other than NFCL) in Public, Pvt., Sec.8 of Companies Act, 2013 etc			
		Board Meetings		Attended Last AGM held on Sep.29, 2016		Board		Board Committees	
		Held	Attended			Chairman	Director	Chairman	Director
INDEPENDENT									
Dr. N. C. B Nath	00026509	5	4	No	- Audit - Management - Nomination & Remuneration - Stakeholders Relationship - Corporate Social Responsibility - Risk Management	-	1	3	1
Mr. S. R. Ramakrishnan	00015839	5	4	No	- Audit - Management - Nomination & Remuneration - Risk Management	1	2	2	6
Ms. Lalitha Raghuram	07161344	5	4	Yes	- Audit Committee	-	1	-	1
Mr. Uday Shankar Jha	00056510	5	2	Yes	Nil	-	-	-	-
Mr. C B Mouli	00042949	5	3	Yes	- Audit Committee	-	6	1	-
Mr. D Ranga Raju *	00066546	5	0	Yes	Nil	3	3		6
NON EXECUTIVE									
Mr. Chandra Pal Singh Yadav	00023382	5	3	No	Nil	6	8	3	1
NOMINEE									
Mr. Anil Kumar P R	06802394	5	4	Yes	- Asset Sale	-	1	-	-
Mr. S G Nadkarni	03401830	5	4	No	- Management - Stakeholders Relationship - Risk Management - Asset Sale	-	-	-	-
Mr. O Ramesh Babu	05149448	5	4	Yes	Nil	-	-	-	-
Mr. M. P. Radhakrishnan **	00129222	5	4	No	- Management - Stakeholders Relationship - Investment - Nomination & Remuneration - Risk Management - Asset Sale	-	-	-	-
Mr. Syed Shahabuddin***	00985532	-	-	-	- Audit Committee - Risk Committee - Management Committee - Asset Sale Committee	-	-	-	-

Director	DIN No.	Attendance Particulars			Committees of Board of NFCL	No. of Board, all the Committee Memberships & Chairmanship (other than NFCL) in Public, Pvt., Sec.8 of Companies Act, 2013 etc			
		Board Meetings		Attended Last AGM held on Sep.29, 2016		Board		Board Committees	
		Held	Attended			Chairman	Director	Chairman	Director
EXECUTIVE DIRECTORS									
Mr. K. S. Raju	00008177	5	5	Yes	- Audit - Management - Shares & Debentures - Banking - Investment - Nomination & Remuneration - Risk Management - Corporate Social responsibility - Asset Sale	4	10	10	4
Mr. K. Rahul Raju	00015990	5	4	Yes	- Shares & Debentures - Banking - Management - Investment - Risk Management - Corporate Social responsibility - Asset Sale	-	10	-	5

* -Mr. D Ranga Raju has resigned from office with effect from February 1,2017 and was appointed as Additional Director and Independent Director with effect from May 26, 2017.

** -Mr. M P Radhakrishnan ceased to be a Director with effect from May 26, 2017

*** -Mr. Syed Shahabuddin was inducted as a Director with effect from May 26, 2017

BOARD AGENDA AND MINUTES

As a system, Agenda, Notes on Agenda and information to directors are generally circulated not less than seven days before the meeting of the Board of Directors. All material information is incorporated in the agenda papers for facilitating focused discussions at the meeting.

The Company is in compliance of Secretarial Standard – I and II issued by the Institute of Company Secretaries of India. The Board of Directors meets at least once in every quarter to review the quarterly financial results and operations of the Company. Apart from this, Board Meetings are convened by giving appropriate notice to address specific needs and business requirements of the Company.

Matters of urgent nature are approved by the Board by passing resolutions through circulation

The dates of the Board Meeting are decided well in advance and are communicated to the directors to enable them make it convenient to attend the meeting.

During the year under review the Board of Directors met five times during the year on May 12, 2016, August 06, 2016, September 08, 2016, December 02, 2016 and February 9, 2017.

The Company has a formal system of follow up, review and reporting on actions taken by the management on the decisions of the Board and Committees of the Board. The

Company presents a comprehensive Action Taken Report of the previous meeting to the Board of Directors at the ensuing Meeting of the Board of Directors.

INFORMATION TO THE BOARD

The Board has complete access to all the information within the Company inter alia the following information is regularly provided to the Board as part of the agenda papers.

- Monthly operations report and quarterly results of the Company.
- Annual operating plans, budgets, capital budgets, cash flow, updates and all variances.
- Contracts in which Directors are deemed to be interested.
- Materially important show-cause notices, demand, prosecutions or other legal notices.
- Materially relevant default in financial obligations to and by the Company.
- Significant labour problems and their proposed solutions and other significant developments.
- Compliance of any regulatory, statutory nature or listing requirements.
- Minutes of the meetings of the Board of Directors and Committees of the Board of Directors.
- Status of subsidiary companies.

- Minutes of meetings of the Board of Directors of subsidiary companies.
- Details of related party transactions.
- Quarterly compliance report in terms of SEBI (Listing Obligation and Disclosure Requirements) and any non-compliance.
- Report on risk assessment and minimisation procedures.
- Information on recruitment and remuneration of senior managerial personnel below the Board level.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Issues which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Significant sale of investments, subsidiaries, assets, which are not in the normal course of business.
- Details of any joint ventures or collaboration agreements.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Quarterly details of foreign exchange exposures and the steps taken by the management to limit the risks of adverse exchange rate movement, if material.

REVIEW OF LEGAL COMPLIANCE REPORTS

The Board periodically reviews the compliance reports in respect of the various statutory enactments applicable to the Company.

REMUNERATION TO DIRECTORS

Remuneration to Directors

The Company has adopted a Nomination and Remuneration Policy in compliance of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligation and Disclosure Requirements). The Policy acts as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees.

The Company has adopted a Policy on Board Evaluation in compliance of Companies Act, 2013 and the Regulation 19 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. The purpose of the policy is to assess the effectiveness of the Board as a whole, Committees of Board and Directors on regular basis and to take necessary steps for improving the effectiveness of the Board. The Nomination and Remuneration Committee of the Board is responsible for the evaluation of the Board, Committee and Directors.

Remuneration to Non-Executive Directors/Independent Directors

The Non-Executive Directors of the Company, whether Independent or Non-Independent, are paid sitting fees for attending the meetings of the Board of Directors/Committees of Board of Directors which is within the limits prescribed

under the Companies Act, 2013 and the Company has not paid any other fee or compensation to the Non-Executive Directors.

The table below shows the details of remuneration paid to Non- Executive/ Independent Directors of the Company during 2016-17 as sitting fees for attending the Meetings of the Board of Directors or Committees of the Board of Directors.

Name of the Director	Sitting Fees paid for attending meetings of the Board of Directors/ Committees of Directors
INDEPENDENT	
Dr N. C. B. Nath	3,37,500
Mr. S. R. Ramakrishnan	2,02,500
Ms. Lalitha Raghuram	1,08,000
Mr. Arjun Kumar Arora	40,500
Mr. Uday Shankar Jha	27,000
Mr. C B Mouli	67,500
Mr. Ranga Raju	-
NON-EXECUTIVE	
Mr. Chandra Pal Singh Yadav	40,500
NOMINEE	
Mr. M. P. Radhakrishnan	2,29,500
Mr. O. Ramesh Babu*	54,000
Mr. S G Nadkarni **	1,89,000
Mr. P R Anil Kumar ***	54,000

* Paid to IFCI Limited

** Paid to IDBI Limited

*** Paid to ICICI Limited

Remuneration to Executive Directors

The Executive Directors remuneration is subject to compliance of Schedule V of the Companies Act, 2013 and other applicable provisions. The Board, on the recommendations of the Nomination and Remuneration Committee of the Board of Directors, considers the remuneration of the Executive Directors. The Board recommends the remuneration of Executive Directors, for approval of the shareholders, at the General Body Meeting or any such authority as may be required.

The remuneration paid is determined keeping in view the industry benchmark, the relative performance of the Company and on review of remuneration packages of CEO's of other organizations in the industry.

Apart from the above, the Executive Directors do not receive any other remuneration.

Perquisites include housing, medical reimbursement; leave travel concession, club fees, personal accident insurance, earned leave and car among others.

The Company has not entered into any contract with the managerial personnel and the notice period is governed by the rules of the Company and no severance fees is payable.

The Company does not have any stock option scheme for the managerial personnel.

The table below shows the details of remuneration approved by the members of the Company for payment to Executive Directors of the Company during 2016-17.

Directors Name	Salary p.m. and Commission	Perquisites
Mr. K. S. Raju	Rs. 2,50,000/- Commission of 0.5% of the net profits of the Company limited to annual salary	@ perquisites are restricted to an amount equal to the annual salary.
Mr. K. Rahul Raju	Rs. 2,50,000/- Commission of 0.5% of the net profits of the Company limited to annual salary	@ perquisites are restricted to an amount equal to the annual salary.

During the year 2016-17 the Company has not increased the remuneration of any of its Directors.

The Board of Directors at their meeting held on May 26, 2017 and vide resolution dated July 19, 2017 based on commendation of Nomination and Remuneration Committee approved the re-appointment of Mr. K Rahul Raju as Managing Director and Mr. KS Raju as Chairman of the Company for a period of 3 years with effect from August 1, 2017 subject to approval of members of the Company and Central Government.

The appointments of Mr. K Rahul Raju and Mr. K S Raju is being placed before the members of the Company at the 11th Annual General Meeting to be held on September 26, 2017 for their approval.

APPOINTMENT OF THE DIRECTORS

Non-Executive Director

Mr. Chandra Pal Singh Yadav, Director of the Company is liable to retire by rotation in compliance with the requirement of Section 152 of the Companies Act, 2013 and being eligible offers himself for reappointment as Director.

Name of the Directors	Date of Birth	Last reappointment Date	Qualification & Experience	Directorships in other companies (Only Public Cos..)	Membership of Committees of the Board in other Companies
Mr. Chandra Pal Singh Yadav	March 19, 1959	September 29, 2015	MSC, B.Ed, LLB	<ul style="list-style-type: none"> - Nagarjuna Oil Refinery Limited - Krishak Bharati Co-operative Limited - KRIBHCO Shyam Fertilizers Limited - National Coop. Union of India - Kribhco Infrastructure Ltd. - Continental Multimodal Terminals Ltd. - Bundelkhand Krishi Utpadan Vipanan Sehkari Samiti - National Agricultural Cooperative Marketing Federation (NAFED) - Co-operative Bank of India - Gramin Vikas Trust (GVT) - Kribhco Gramin Vikas Sanstha - Kisan Bahudesiya Vipnan Sehkari Samiti Ltd. - The Anupama Coop. Veg. & Fruit Growers Mktg. Society Ltd. - National Coop. Consumer Federation of India Ltd. (NCCF) - National Federation of Urban Coop. Banks & Credit Societies (NAFCUB) - General Council of NCDC - National Film & Fine Arts Coop. Ltd. (NAFFAC) 	<p>National Cooperative Union of India</p> <ul style="list-style-type: none"> - Executive Committee <p>Kribhco Shyam Fertilizers Limited</p> <ul style="list-style-type: none"> - Remuneration Committee - Audit & Finance Committee <p>National Agricultural Cooperative Mktg. Federation (NAFED)</p> <ul style="list-style-type: none"> - Executive Committee

Independent Director

In accordance with Section 149, 152 and Schedule IV read with relevant Rules of the Companies Act, 2013, it is proposed to appoint Mr. Ranga Raju as Independent Director of the Company not liable to retire by rotation upto the conclusion of the 16th Annual General Meeting pursuant to the provisions of Section 149 of the Companies Act, 2013 and the Regulation 25 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

The appointment is being placed before the members of the Company at the 11th Annual General Meeting for their approval.

Name of the Directors	Date of Birth	Last Appointment Date	Qualification & Experience	Directorships in other companies (Only Public Cos.,)	Membership of Committees of the Board in other Companies
Mr. Ranga Raju	June 20, 1934	May 26, 2017	B.Com.,	- Nagarjuna Agrichem Limited - Bhagiradha Chemicals and Industries Limited	Nagarjuna Agrichem Limited - Audit Committee Bhagiradha Chemicals and Industries Limited - Audit Committee - Share Transfer Committee

PERFORMANCE EVALUATION OF DIRECTORS AND CRITERIA FOR EVALUATION:

The Directors Report contains information in this regard.

DETAILS OF FAMILIARIZATION PROGRAMMES TO DIRECTORS

The Company as a practice ensures that all Directors are briefed on matters of the Company on their induction into the Board of Directors of the Company. The Company also issues a Letter of Appointment in case of Independent Directors detailing their terms and conditions of appointment.

The Memorandum and Articles of Association of the Company, copies of Annual Reports for the previous financial years, half year reports, organization structure, Company policies including Code of Conduct, Insider Trading Policy and Board Charter, Whistle Blower Policy etc. are provided to the directors at the time of induction.

The Board of Directors are also familiarized at regular intervals on any changes that takes place in the organization and also updations on statutory enactments effecting them as Directors or impacting the Company.

REMUNERATION POLICY

The Nomination and Remuneration Policy has been adopted by the Board of Directors based on the recommendation of the Nomination and Remuneration Committee in compliance of Section 178 of the Companies Act, 2013 and the Erstwhile Listing Agreement entered into by the Company with Stock Exchanges (now SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015).

This Policy acts as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees.

RELATED PARTY TRANSACTIONS

The Directors Report contains information in this regard.

MEETINGS OF INDEPENDENT DIRECTORS

The Independent Directors of the Company even before the notification by SEBI, been having informal meetings before every Board Meeting to discuss the issues impacting the Company.

The Independent Directors met on May 11, 2016 and August 6, 2016 and apart from other matters, connected to the operations and strategy of the Company evaluated the performance of the Chairman of the Board and discussed aspects relating to the quality, quantity and timeliness of the flow of information between the Company, the Management and the Board.

RETIREMENT POLICY OF THE DIRECTORS

The Company does not have a Retirement Policy for the members of the Board of Directors of the Company and complies with the provisions of the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

RESPONSIBILITIES OF THE DIRECTORS

Responsibilities of the Board

The primary role of the Board is that of trusteeship to protect and enhance shareholder value. As a trustee, the Board ensures that the Company has clear goals and policies for achievement. The Board oversees the Company's strategic direction, makes strategic intervention, reviews corporate performance, authorises and monitors strategic decision, ensures regulatory compliance and safeguards interests of stakeholders.

Responsibilities of the Chairman and Managing Director

The Board of Directors at their Meeting held on July 27, 2011 delegated powers to Mr. K. S. Raju, Chairman and Mr. K. Rahul Raju, Managing Director to enable them to carry out the day-to-day operations of the Company. The powers encompass all areas such as finance, personnel, legal, general and miscellaneous powers.

SHARES HELD BY EXECUTIVE AND NON-EXECUTIVE DIRECTORS

Mr. K. S. Raju, Chairman and Mr. K. Rahul Raju, Managing Director do not hold any shares in the Company as on March 31, 2017.

None of the Non-Executive Directors held shares in the Company as on March 31, 2017.

CODE OF CONDUCT AND ETHICS

The Company adopted the Code of Conduct and Ethics for Directors and Senior Management Personnel. The Code was circulated to all the members of the Board and Senior Management and the same has been put on the Company's website www.nagarjunafertilizers.com.

The Board of Directors and Senior Managerial Personnel have affirmed their compliance with the Code and a declaration to this effect signed by Managing Director and Company Secretary appears as annexure to the Corporate Governance report.

LEAD INDEPENDENT DIRECTOR

Dr. N. C. B. Nath, the Chairman of the Audit Committee of Board of Directors, is the Lead Independent Director. The Lead Independent Director on behalf of the Independent Directors provides structural feedback to the Board to encourage healthy discussions and openness among the Board members.

TRAINING FOR THE BOARD MEMBERS

As part of ongoing knowledge sharing, the Board of Directors are updated with relevant statutory amendments and landmark judicial pronouncements encompassing important laws such as Company law, SEBI Law, Income Tax Law, among others at meetings of the Board of Directors.

The Board of Directors meet periodically with Senior Managerial Personnel and discuss areas of interest of the Company.

The Company, as a good governance practice, put in place a "Policy on Training of Board of Directors".

COMMITTEES TO THE BOARD

The Board of Directors constituted various committees with adequate delegation to focus on specific areas and take decisions so as to discharge the Company's day-to-day affairs. Each committee is guided by its charter, which defines the composition, scope and powers of the committee. All decisions and recommendations of the committees are placed before the Board of Directors.

The Committees constituted by the Board as on date are:

1. SHARES AND DEBENTURES COMMITTEE

The Shares and Debentures Committee comprises of:

Name of the Member	Category
Mr. K. S. Raju	Chairman
Mr. K. Rahul Raju	Member

The Committee met 33 times during the year 2016-17 apart from considering the matters through circulation.

The quorum is two Members present in person.

Terms of reference:

Allotment of shares, debentures, securities, accept calls in advance and/or share capital not called up, approve/reject or otherwise deal with applications for transfer, transmission, transposition, mutation of shares and debentures, issue share and debenture certificates including duplicate, split, sub-divide or consolidated certificates and to deal with all related matters.

2. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Committee met five times during 2016-17.

The table below lists the Members of the Committee and the various dates on which meetings were held and their attendance particulars.

Name of the	Category	Date of Meeting and attendance particulars				
		12.05.2016	06.08.2016*	08.09.2016	02.12.2016	09.02.2017
Dr. N. C. B. Nath	Chairman	✓	✓	X	✓	✓
Mr. S.G Nadkarni	Member	✓	X	✓	✓	✓
Mr. M. P. Radha krishnan**	Member	✓	X	✓	✓	✓

* - Meeting was not held as there was no requisite quorum present

** - Ceased to be a Member with effect from May 26, 2017

The quorum is two Members present in person.

Terms of reference:

The matters that are considered necessary in relation to shareholders, debenture holders, investors and various other stakeholders of the Company in relation to Transfer of shares, Non- receipt of declared dividends, Non-receipt of balance sheet, Complaints directly concerning the shareholders/investors as stakeholders of the Company but not limited to the above mentioned matters.

3. MANAGEMENT COMMITTEE

The Management Committee of Directors met four times during 2016-17 apart from considering matters through circulation.

The table below lists the Members of the Management Committee and the various dates of meetings and their attendance particulars.

Name of the Member	Category	Date of Meeting and attendance particulars			
		12.05.2016	06.08.2016*	02.12.2016	09.02.2017
Mr. K. S. Raju	Chairman	✓	✓	✓	✓
Dr N C B Nath	Member	✓	✓	✓	✓
Mr. S. R. Ramakrishnan	Member	✓	✓	X	✓
Mr. K. Rahul Raju	Member	✓	✓	✓	X

Mr. S.G Nadkarni	Member	✓	X	✓	✓
Mr. M. P. Radhakrishnan *	Member	✓	X	✓	✓
Mr. Syed Shahabuddin **	Member	N.A	N.A	N.A	N.A

* - Ceased to be a Member with effect from May 26, 2017

** - Inducted as a Member with effect from May 26, 2017

The quorum is two Members present in person.

Terms of reference:

- To review the operations of the Company from time to time and also formulate and review corporate objectives and strategies including long range plans for expansion/diversification of the Company's activities.
- To formulate annual budgets/business plans for the Company.
- To approve capital expenditure other than proposals for expansion, diversification, modernisation and de bottle necking, including Research Projects and R&D division and investment in immovable property, above ` 5 crores upto ` 10 crores per proposal, excluding the authority already delegated to Managing Director or Internal Management, as the case may be, as per Delegation of Authority.
- To approve revenue expenditure above ` 5 crores upto ` 10 crores in case of procurements on a single tender basis or above ` 10 crores upto ` 15 crores on multi-tender basis excluding the authority already delegated to Managing Director or Internal Management, as the case may be, as per Delegation of Authority.
- To make donations/contributions to charitable and other funds other than to any political party or for political purposes upto an aggregate amount of ` 10 lakhs in any financial year.
- To lay down and review from time to time the Company's employment policy.

4. AUDIT COMMITTEE

The Audit Committee of Directors comprises well-qualified and Independent Directors. All the Members of the Committee possess adequate knowledge of finance and accounts. The scope of the activities of the Committee are in conformity with Regulation 18 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 read with Section 177(4) of the Companies Act, 2013.

The table lists the Members of the Audit Committee and the various dates on which meetings were held and the attendance particulars.

Name of the Memer	Category	Date of Meeting and attendance particulars				
		12.05.2016	06.08.2016*	08.09.2016	02.12.2016	09.02.2017
Dr. N. C. B. Nath	Chairman	✓	✓	X	✓	✓
Mr. S. R. Ramakrishnan	Member	✓	✓	✓	X	✓
Mr. K. S. Raju	Member	✓	✓	✓	✓	✓
Smt. Lalitha Raghuram	Member	✓	✓	X	✓	✓
Mr. C B Mouli **	Member	N.A.	N.A.	X	✓	✓
Mr. Syed Shahabuddin ***	Member	N.A.	N.A.	N.A.	N.A.	N.A.
Mr. Arjun Kumar Arora ****	Member	✓	N.A.	N.A.	N.A.	N.A.
Mr. M P Radhakrishnan *****	Member	N.A	N.A	✓	✓	✓

* - Meeting was not held as there was no requisite quorum present.

** - Inducted as Members with effect from August 22, 2016

*** - Inducted as Members with effect from May 26, 2017

**** - Ceased to be a Member with effect from June 17, 2016

***** - Ceased to be a Member with effect from May 26, 2017

The Company Secretary of the Company functions as Secretary to the Committee.

The Statutory Auditors, the Cost Auditor, the Head-Internal Audit and such other executives as the committee considers appropriate are present as invitees for the Meetings of the Audit Committee.

The quorum is two independent Members present in person.

The quorum for the Audit Committee is two Members or 1/3rd of the strength of the Audit Committee, whichever is higher with atleast two independent directors present at the meeting.

Terms of Reference

- Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment remuneration and terms of appointment of auditors of the Company.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements and auditors report thereon before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility statement to be included in the Board's Report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgement by management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of any related party transactions.
 - Qualifications in the draft audit report.
- Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and

making appropriate recommendations to the Board to take up steps in this matter

- g. Review and monitor the auditor's independence and performance and effectiveness of audit process.
- h. Approval or any subsequent modification of transactions of the Company with related parties.
- i. Scrutiny of inter-corporate loans and investments.
- j. Valuation of undertakings or assets of the Company, wherever it is necessary.
- k. Evaluation of internal financial controls and risk management systems.
- l. Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- m. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- n. Discussion with internal auditors any significant findings and follow up thereon.
- o. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- p. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- q. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- r. To review the functioning of the Whistle Blower mechanism.
- s. To approve the appointment of CFO / Whole time Finance Director.
- t. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- u. To consider and commend to the Board appointment of Cost Auditor of the Company.

REPORT OF THE AUDIT COMMITTEE OF DIRECTORS FOR THE YEAR ENDED MARCH 31, 2017

To the shareholders of Nagarjuna Fertilizers and Chemicals Limited

- a. During the year under review, the Company's various departments, divisions spread all over India were audited by the In-house Internal Audit Department of the Company and the reports placed before the Audit Committee for consideration.
- b. The audits were carried out pursuant to an Audit Calendar

prepared by the Internal Audit Department of the Company and approved by the Audit Committee at the beginning of the year.

- c. The Audit Committee noted the Audit Report, the view of the Auditee and the management on the observations of the Internal Audit Department.
- d. The Audit Committee's suggestions from time to time were implemented by the Company during the course of the year.
- e. The Internal Audit Department adopted a risk-based approach to the Internal Audit in accordance with the recommendations of the Institute of Chartered Accountants of India. This was in comparison to the earlier system of transaction mode of Audit.
- f. The Audit Committee sought clarifications from the Auditors, Cost Accountant and the Management of the Company, whenever required, in relation to the financial matters of the Company as per the scope and powers of the Audit Committee.
- g. The Audit Committee meetings were interactive.
- h. The Committee is recommending to the Board the ratification of the appointment of M/s. M Bhaskara Rao & Co., Chartered Accountants as statutory auditors of the Company for the Financial Year 2017-18. M/s M Bhaskara Rao & Co., have been appointed as Statutory Auditors of the Company, to carry out audit of the accounts of the Company for a term of five years commencing from the conclusion of 8th Annual General Meeting to the conclusion of 13th Annual General Meeting subject to ratification at every Annual General Meeting. M/s. M Bhaskara Rao & Co., have confirmed their eligibility under Section 141 of the Companies Act, 2013.
- i. M/s. M Bhaskara Rao & Co., have also confirmed that they have a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India as per the requirements of Regulation 33 (1) (d) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- j. The Committee is recommending to the Board, the reappointment of M/s. Sagar & Associates as Cost Accountant of the Company, for the financial year 2017-18.
- k. M/s. Sagar & Associates have confirmed that:
 - a. They are eligible to be appointed as Cost Auditor of the Company pursuant to Section 141 of the Companies Act, 2013.
 - b. They holds a valid certificate of practice.
 - c. They are not disqualified under any of the provisions of Section 148 of the Companies Act, 2013 and that they are having an arm's length relationship with the Company.

Hyderabad
May 26, 2017

Sd/-
Chairman
Audit Committee

5. BANKING COMMITTEE

The Banking Committee of Directors met seven times during 2017-18 on May 20, 2016, May 28, 2016, June 14, 2016, June 20, 2016, October 3, 2016, February 8, 2017 and February 28, 2017.

The Banking Committee comprises of

Name of the Member	Category
Mr. K. S. Raju	Chairman
Mr. K. Rahul Raju	Member

The quorum is two Members present in person.

Terms of reference:

Availment of fund-based and non-fund-based credit facilities by the Company from financial institutions and banks as per the limits delegated by the Board of Directors of the Company.

6. INVESTMENT COMMITTEE

The committee has not met during the year under review 2016-17.

The Investment Committee comprises:

Name of the Member	Category
Mr. K. S. Raju	Chairman
Mr. K. Rahul Raju	Member
Mr. M. P. Radhakrishnan*	Member

* - Ceased to be a Member with effect from May 26, 2017

The quorum is two Members present in person.

Terms of reference:

- Investment of surplus funds in units, discounting of LC backed bills, clean bill discounting, inter-corporate deposits and investment in shares.
- To disinvest or pledge the securities such as shares, debentures, government bonds, among others, held by the Company in its name from time to time and do all such acts, deeds and things that are necessary in this regard.

7. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee was constituted by the Board of Directors in compliance with Section 178(1) of the Companies Act, 2013 and Clause 49 of the Erstwhile Listing Agreement entered into with the Stock Exchanges. The scope of the activities of the Committee are in conformity with Regulation 19 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

The Nomination and Remuneration Committee of Directors met two times during 2016-17.

The table below lists the Members of the Nomination and Remuneration Committee and the various dates of meetings and their attendance particulars.

Name of the Member	Category	Date of Meeting and attendance particulars	
		11.05.2016	0.05.2016
Dr N C B Nath	Chairman	✓	✓
Mr. K. S. Raju	Member	✓	X
Mr. S. R. Ramakrishnan	Member	✓	✓
Mr. M. P. Radhakrishnan*	Member	✓	X
Ms. Lalitha Raghuram**	Member	N.A	N.A

* - Ceased to be Member with effect from May 26, 2017

** - Inducted as Member with effect from May 26, 2017

Terms of Reference:

- Formulate and recommend to the Board a Remuneration Policy, relating to the remuneration for the directors, key managerial personnel and other employees and review/ modify the same from time to time
- Formulate criteria for determining qualifications, positive attributes and independence of a director and review/ modify the same from time to time
- Identify persons who are qualified to become directors and who may be appointed in senior management and recommend to the Board their appointment and removal.
- Carry out evaluation of every director's performance.
- Devising a policy on Board diversity.
- To select, retain and terminate the services of any consultant who shall assist the Committee in discharging its functions.

8. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee of Directors met four times during 2016-17.

The table below lists the Members of the Corporate Social Responsibility Committee and the various dates of

Name of the Member	Category	Date of Meeting and attendance particulars			
		12.05.2016	06.08.2016*	02.12.2016	09.02.2017
Dr. N. C. B. Nath	Chairman	✓	✓	✓	✓
Mr. K S Raju	Member	✓	✓	✓	✓
Mr. K Rahul Raju	Member	✓	✓	✓	X

The quorum is two Members present in person.

The terms of reference:-

- To formulate and recommend to the Board a CSR Policy in line with the activities mentioned in Schedule VII of the Companies Act, 2013
- To recommend the amount of expenditure to be incurred
- To institute a transparent monitoring mechanism for the implementation of the Policy from time to time.

9. RISK MANAGEMENT COMMITTEE

The Board of Directors of the Company in accordance with Clause 49 of the Erstwhile Listing Agreement entered into with the Stock Exchanges had constituted a Risk Management Committee of the Board of Directors on May 29, 2014. The scope of the activities of the Committee are in conformity with Regulation 21 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

The Risk Management Committee of Directors met Three times during 2016-17.

The table below lists the Members of the Risk Management Committee and the various dates of meetings and their attendance particulars.

Name of the Member	Category	Date of Meeting and attendance particulars			
		12.05.2016	06.08.2016*	02.12.2016	09.02.2017
Dr. N. C. B. Nath	Chairman	✓	✓	✓	✓
Mr. K S Raju	Member	✓	✓	✓	✓
Mr. K Rahul Raju	Member	✓	✓	✓	X
Dr. N. C. B. Nath	Chairman	✓	✓	✓	✓
Mr. S. R. Ramakrishnan	Member	✓	✓	X	✓
Mr. S G Nadkarni	Member	✓	X	✓	✓
Mr. K S Raju	Member	✓	✓	✓	✓
Mr. K Rahul Raju	Member	✓	X	✓	✓
Mr. M. P. Radhakrishnan*	Member	✓	X	✓	✓
Mr. Arjun Kumar Arora**	Member	✓	N.A	N.A	N.A
Mr. Syed Shahabuddin***	Member	N.A	N.A	N.A	N.A

* - Ceased to be a Member w.e.f. May 26, 2017

** - Ceased to be a Member w.e.f. June 17, 2016

*** - Inducted as a Member w.e.f. May 26, 2017

The Chief Risk Officer of the Company and the Compliance Officer attend all the meetings of the Risk Management Committee.

The terms of reference of the Committee are as follows:

- To lay down procedures to inform the Board of the risk assessment and risk minimization procedures in the Company.
- Framing, Implementing and monitoring the risk management plan of the Company and such other functions as delegated by the Board from time to time.

10. ASSET SALE COMMITTEE

The Board of Directors of the Company had constituted an Asset Sale Committee of the Board of Directors on July 23, 2015 to look into matters of asset monetization of the Company.

The table below lists the Members of the Asset Sale Committee

Name of the Member	Category
Mr. S G Nadkarni	Member
Mr. K S Raju	Member
Mr. K Rahul Raju	Member
Mr. Anil Kumar PR	Member
Mr. Syed Shahabuddin*	Member
Mr. M. P. Radhakrishnan **	Member

* - Inducted as a Member w.e.f. May 26, 2017

** - Ceased to be a Member w.e.f. May 26, 2017

The quorum is two Members present including one Institutional Nominee present.

The terms of reference of the Committee are as follows:

To monitor the progress in asset monetization by sale of various assets considered non-performing.

The Committee did not meet during the year in review.

A. REMUNERATION POLICY:

The remuneration paid to Executive Directors is considered and recommended by the Nomination and Remuneration Committee and approved by the Board of Directors, keeping in view the provisions of Companies Act, 2013. The approval of the Board of Directors is subject to the approval by the shareholders and such other authorities, as the case may be.

B. RISK ASSESSMENT AND MINIMISATION PROCEDURE

The Company formulated an Enterprise Risk Management System to manage and mitigate unforeseen risks. The implementation of this system is through the Risk Management Steering Committee. The Committee is supported at the plant by the Plant Risk Management Committee and at the corporate office by Corporate Risk Management Committee.

The Committee at an early stage identifies, manages and responds to critical, cautionary and manageable risks in a systematic manner. To actively involve and inculcate the risk management right down the organization, 'Risk Owners and Risk Champions' were appointed for each department. Board members periodically review existing/new risks and action plans formulated to mitigate the risks.

C. MANAGEMENT

The management identifies, measures, monitors and minimizes the risk factors in the business and ensures safe, sound and efficient operation. The Company developed and implemented policies, procedures and practices that attempt to translate the Company's core purpose and mission into a reality.

All these policies, procedures and practices are elaborated hereunder:

- Policy on Corporate Governance :** The Company always makes conscious efforts to inculcate best global Corporate Governance practices and goes beyond adherence to regulatory framework.

The Company towards its commitment to trusteeship, transparency, accountability and equality in all its dealings and to maintain positive bonding has put in place a 'Policy of Corporate Governance'.

- b. Policy on Corporate Social Responsibility (CSR) :** The Company's dedicated philosophy of "Serving Society Through Industry" is envisaged through the above policy.

At Nagarjuna, CSR is an initiative to "create new value" to economic, environmental and social issues and is intended to identify your Company with the society to establish rapport, increase competitiveness, and achieve sustainable growth, for better social development.

- c. Policy on Vendor's Grievances :** To ensure consistent smooth and timely supply of quality material and services at economically viable and competitive prices from various vendors, without any grievances, the Policy on Vendors' Grievances is adopted.
- d. Policy on Supply Chain :** Your Company, being the largest manufacturer and marketer of agri inputs in South India, introduced a 'Policy on Supply Chain', to ensure quality products are delivered on time to end customers through a network of suppliers.
- e. Prohibition of Insider Trading :** The Company had implemented a Policy prohibiting Insider Trading in conformity with regulations of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and now is aligned the Insider Trading to the SEBI (Prohibition of Insider Trading) Regulations, 2015. Necessary procedures have been laid for insiders identified from time to time, prohibiting trading in the securities of the Company, based on unpublished price sensitive information.
- f. Policy on Succession Planning :** Your Company has put in place a policy on succession planning, which is an ongoing process that identifies necessary competencies, and then works to assess, develop, and retain a talent pool of associates, in order to ensure a continuity of leadership for all critical positions.
- g. Policy on Employee Participation in Management (EPM) :** Your Company framed a mechanism where the associates have an involvement and ownership in the decision making process of the organisation. The purpose of EPM is to increase production and productivity, evaluate costs, develop personnel, expand markets and risk management.
- h. Whistle Blower Policy/ Vigil Mechanism :** The Company formulated a policy in compliance with Clause 49 of Erstwhile Listing Agreement. The same is in conformity with the now Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and Section 177(9) of the Companies Act, 2013. The Policy aims to prohibit managerial personnel from taking adverse personnel action against employees disclosing in good faith, alleged wrongful conduct on matters of public concern involving violation of any law, mismanagement, misappropriation of public funds, among others.

Employees aware of any alleged wrongful conduct are encouraged to make a disclosure to the Audit Committee.

No personnel of the Company were denied access to the Audit Committee.

- i. Legal Compliance Policy :** The Company has a Legal Compliance Policy for duly complying with central, state and local laws and regulations to achieve and maintain high business standards and benchmark the internal legal practices against international standards.

The Company uses an IT-enabled Company specific Legal Compliance Management System known as "nSure" to ensure legal and regulatory compliances of various central, state and local statutes applicable across the Company.

The system provides for tracking, monitoring and compliance at one point of control.

- j. Policy on Conflict Management :** The Company adopted a Policy on Conflict Management, which aims to resolve conflicts, at the lowest possible level, using procedures that address and respect the needs, interest and rights of associates in a fair and efficient manner. This is attained through the use of both, formal and informal conflict management processes. These tools are effectively coordinated through the Conflict Management System (CMS).

- k. Policy on Training for Board of Directors :** At Nagarjuna, we strongly believe in continuous learning. The policy ensures that the Board of Directors, being at the highest level in the organisation structure, too require training and development, to update themselves and provide best services to the Company. The training requirements of Directors vary in view of their nature of nomination on the Board and their training needs are structured accordingly.

- l. Policy on Induction of Directors :** The policy places the responsibility on the Chairman of the Board to ensure that all new Board members are briefed and have access to all aspects of the Company's operations. The new Directors are briefed on several matters like, duties and powers of Directors, special duties or arrangements attaching to the position, requirement to disclose Directors interest, confidentiality and right to access Company information, among others. Additionally, new Directors are provided with other information like the Company's constitution, policies, organization structure and other relevant information.

- m. Board Charter :** This Charter sets out the role, structure, responsibilities and operations of the Board of the Company and its delegation of authority to the management.

The Charter sets out the role of the Board as a Trustee of the stakeholders and the Company, who provides strategic direction, review corporate performance, authorise and monitor strategic decisions, ensure

regulatory compliances and safeguard their interest.

- n. Forex Risk Management Policy :** The Company constituted a Forex Risk Committee to achieve the specific objectives of managing treasury risks within the Company's strategic approach towards business and risk management.

The Company has drawn up a Forex Risk Management Policy with the objectives of forex risk management, the risk management organisation structure, the benchmarks to measure performance, operational processes to identify, measure, monitor and manage forex risks, appropriate control parameters and MIS. The minutes of the Forex Risk Committee are reviewed by the Board of Directors at every Board meeting.

- o. Policy on Corporate Sustainability :** At Nagarjuna, the environmental and community responsibility extends beyond the narrow confines of compliance with statutorily-stipulated standards and aims to maintain long term harmony.
- p. Policy on Sexual Harassment at workplace :** Policy on Sexual harassment at the work place has been framed to be in line with The Sexual Harassment at the Workplace (Prevention, Prohibition and Redressal) Act 2013 and The Sexual Harassment at the Workplace (Prevention, Prohibition and Redressal) Rules 2013.

Any form of sexual harassment is unacceptable and therefore this policy is being framed to prohibit, prevent or deter the commission of acts of sexual harassment at workplace and to provide the procedure for the redressal of complaints pertaining to sexual harassment.

The Company has not received any complaint alleging sexual harassment during the year 2016-17.

- q. Policy on Related Party Transactions :** The Company has formulated a Policy on Materiality of Related Party Transactions In compliance with Clause 49 of the Erstwhile Listing Agreement. The same is in conformity with the now Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The Company to the extent possible does ensure that there are no related party transaction and if entered into due to exigencies and in the event entered into shall enter into the transaction as if entered into between unrelated parties.

No Related Party Transaction is entered into by the Company, except in accordance with the provisions of this Policy.

- r. Policy on Board Evaluation :** The purpose of the policy is to assess the effectiveness of the Board as a whole, Committees of Board and Individual Directors (Independent and Non-Independent) on regular basis and to take necessary steps for improving the effectiveness of the Directors involvement in decision making in the Board.

- s. Policy on Nomination and Remuneration Policy :** This policy acts as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees

- t. Policy for determining Material Subsidiaries :** The Policy for determining Material Subsidiaries pursuant to Clause 49 of the Erstwhile Listing Agreement (now Regulation 16 (c) of Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015), determines the criteria for classifying a subsidiary as 'Material' in accordance with the provisions of this Policy.

- u. Policy for preservation and archival of documents :** The Policy sets out the standard for classifying, managing and storing of records of the Company and establishes a framework for effective record management and the process for subsequent archival of such records.

- v. Policy on Disclosure of Material Events :** The Policy is drawn in accordance with Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Regulations) which states that every Company listed on the stock exchange shall make disclosures of any events or information which, in the opinion of the Board of Directors of the listed Company, is material.

- w. Policy on Bio-diversity :** Protecting and enhancing biodiversity which is an integral part of the Company's commitment to sustainable development.

- x. Gift Policy :** The purpose of this Policy is to inform one and all of the Company's philosophy on acceptance by associates and giving of gifts to others.

- y. HSE Policy :** To lay down a policy in relation to Health, Safety and Environment.

- z. Human Rights Policy :** The purpose of this policy is to ensure protecting human life and promoting social well-being.

MANAGEMENT DISCUSSION AND ANALYSIS

The Annual Report has a detailed chapter on Management Discussion and Analysis.

MANAGEMENT DISCLOSURES

Directors and Senior Management Personnel of the Company, as well as certain identified key associates make half yearly disclosures to the Board relating to all material, financial and commercial transactions where they have interest, conflicting with the interest of the Company. The interested Directors do not participate in the discussion nor do they vote on such matters when the matter is considered by the Board of Directors.

D. STAKEHOLDERS

DISSEMINATION OF INFORMATION

The Company established systems and procedures to disseminate relevant information to its stakeholders including shareholders, auditors, suppliers, customers, employees and financiers. The primary source of information regarding the operations of the Company, including the quarterly results, can be viewed on the Company's website www.nagarjunafertilizers.com.

The quarterly and annual results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board of Directors and published in widely circulated English newspapers and in vernacular newspapers.

Quarterly results sent electronically

Green Initiative:-

As a responsible corporate citizen, the Company accepts and supports the "Green Initiative" undertaken by the Ministry of Corporate Affairs of India, enabling delivery of documents including Annual Reports through electronic mode to shareholders at their e-mail address registered with the DPs/Company/RTAs.

The Company has proactively requested the shareholders to inform their email IDs. As an investor-friendly measure, the unaudited quarterly financial results and audited financial results for the year ended March 31, 2017 of the Company, were emailed in addition to being published in newspapers.

The Company uses this channel of communication extensively to carry out substantial correspondence with the shareholders to reduce costs while maintaining reach to the shareholders. Shareholders, who have not yet registered their email IDs, may immediately do so at investors@nagarjunagroup.com

BSE Filing / NEAPS facility

The Company has commenced filing information to the Stock Exchanges through BSE Listing website - www.listing.bseindia.com and NEAPS website - www.connect2nse.com pursuant to commencement of Trading of its equity shares on the Stock Exchanges.

Investor Grievance Redressal

The Company has 4,59,662 shareholders as on March 31, 2017. The Company during April 1, 2016 to March 31, 2017 received and attended/resolved 3618 letters from the investors and dematerialized/rematerialized 2859 requests for dematerialization/rematerialisation of shares.

The table below lists the details of shareholder's or depositor's queries/ complaints/requests received and resolved during 2016-17.

Nature of Letters	Opening Balance	Received	Replied	Closing Balance
Change of address	0	73	73	0
Revalidation of dividend warrants	0	854	854	0
Share transfers	0	8	8	0
Demat / Remat of Shares	0	164	164	0
Issue of duplicate certificates	0	30	30	0
Transmission of shares *	0	824	824	0
General queries	0	3618	3618	0

* - The equity shares of the Company commenced trading on the Bombay Stock Exchange and National Stock Exchange of India Limited with effect from June 15, 2016.

On commencement of trading from June 15, 2016, the pending requests for transmission has since been cleared.

SHARE TRANSFER SYSTEM

The Company's transfer of shares is fully computerized.

The dematerialized shares are directly transferred to the beneficiaries account by the depositories.

Remote E-voting

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company is providing remote e-voting facility of casting votes using an electronic voting system from a place other than venue of the General Meeting and voting at the General Meeting through Ballot form on all the resolutions set forth in the Notice to the 11th Annual General Meeting to be held on Friday i.e., September 26, 2017 at 10.00 AM. The Company shall also provide shareholders to cast their votes at the venue of the AGM. The Company has engaged the services of Central Depository Services (India) Limited to provide remote e-voting platform to the shareholders.

Please refer to the detailed instructions on remote e-voting at page no. 177 of the Annual Report.

Shareholders holding shares in demat form and shareholders who have registered their email id with the Company will also receive the remote voting instructions by email.

Shareholders who do not have access to remote e-voting facility may use the enclosed Ballot Form and send their assent or dissent on or before closing of business hours of September 25, 2017.

Compliance Officer

Mr. M. Ramakanth, Company Secretary of the Company is the Compliance Officer for complying with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015, and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Share Transfer Agents

The Company has been functioning as Category II Share Transfer Agent (in-house) pursuant to the Securities and Exchange Board of India (SEBI) approval to the Company.

Nomination facility

Shareholders holding physical shares may file nominations in prescribed Form SH-13 of the Companies (Share Capital and Debentures) Rules 2014 to the Company. Those holding shares in dematerialized form may contact their respective Depository Participant (DP) to avail the nomination facility.

Dematerialization of shares and liquidity

The shares of the Company are under the category of compulsory delivery in dematerialized mode by all categories of investors.

The Company signed agreements with both the depositories, National Securities Depository Limited and Central Depository Services (India) Limited. As on March 31, 2017, 92.57% of the shares of the Company are held in electronic mode.

The status of the Company's equity shares is furnished below:

Total No. of equity shares : 59,80,65,003

Total No. of shareholders as on March 31, 2017 : 4,59,662

The table below shows the status of the equity shares of the Company as on March 31, 2017

Mode of Shareholding	No. of Shares	% to Total Equity Shares	No. of Share holders	% to Total
Physical form	4,44,48,510	7.43	2,02,632	44.08
Held in electronic mode	55,36,16,493	92.57	2,57,030	55.92
Total	59,80,65,003	100.00	4,59,662	100.00

The Company's ISIN No. for dematerialization for both NSDL and CDSL is INE454M01024

RECONCILIATION OF SHARE CAPITAL AUDIT

In terms of Regulation 55A(1) of SEBI (Depositories and Participants) Regulations, 1996 a Practising Company Secretary of the Institute of Company Secretaries of India, has carried out the Reconciliation of Share Capital Audit every quarter to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/ paid-up capital is in agreement with the aggregate total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

DISTRIBUTION OF SHAREHOLDING

The table below shows the distribution of shareholding of various groups as on March 31, 2017

Shareholding	Share holders		Shareholding	
	Number	% to Total	Value in Rs.	% to Total
Upto 5000	456216	99.25	136585360	22.84
5001 - 10000	1920	0.42	13038117	2.18
10001 - 20000	833	0.18	11291358	1.89

20001 - 30000	236	0.05	5802613	0.97
30001 - 40000	115	0.03	3974094	0.66
40001 - 50000	65	0.01	3016802	0.50
50001 - 100000	154	0.03	10902313	1.82
100001 and Above	123	0.03	413454346	69.13
TOTAL	459662	100	598065003	100

The table below lists the distribution of promoter and non-promoter shareholding as on March 31, 2017

Category	No. of shares held	% of share-holding
A. Promoter's holding	341700129	57.13
B. Non-promoters holding		
I. Institutional investors		
a. Mutual funds and UTI	342165	0.06
b. Banks, financial institutions, insurance companies (Central/state government institutions/non-government institutions)	8935255	1.49
c. Foreign Institutional Investors	4699738	0.79
II. Others		
a. Private corporate bodies	56635092	9.47
b. Indian public	180033480	30.10
c. NRIs/OCBs	5577712	0.93
d. Any other (please specify) trusts	141432	0.02
GRAND TOTAL	598065003	100.00

The table below lists the details of persons holding more than 1% shareholding in the Company as on March 31, 2017

S. No.	Name of the Company	%
	Core Promoters	
1	Amlika Mercantile Private Limited @	49.5
	Co-Promoters	
1	Governor of Andhra Pradesh	3.58
2	KRIBHCO	1.84
3	Fireseed Limited	1.47
	Others - Private Corporate Bodies	
1	Zuari Agro Chemicals Limited	5.40

@ Please refer Note Point IV (ii) of Annexure VI of the Directors Report

LIST OF PROMOTER COMPANIES OF THE COMPANY

Core Promoters

1. Amlika Mercantile Private Limited

Co-Promoters

1. Fireseed Limited
2. Government of Andhra Pradesh
3. Krishak Bharati Co-operative Limited
4. Saipem S.p.A. (formerly Snamprogetti S.p.A)

RESTRUCTURING

The Bombay Stock Exchange and The National Stock Exchange of India Limited commenced trading of the equity shares of the Company effective from June 15, 2016 with Scrip Code 539917 and NAGAFERT respectively consequent to the relaxation granted by SEBI vide letter dated February 4, 2016 under Rule 19(2)(b) of the Securities Contract (Regulation) Rule, 1957.

GENERAL BODY MEETINGS

The Tenth Annual General Meeting of the Company was held on September 30, 2016, at Sri Satya Sai Nigamagadam, 8-3-987/2, Srinagar Colony, Hyderabad - 500 073

Mr. K S Raju, Chairman, chaired the meeting.

The table lists the details of the previous three Annual and Extra-Ordinary General Body Meetings and the Special Resolutions passed.

LAST THREE ANNUAL / EXTRA-ORDINARY GENERAL MEETINGS

NO. OF AGM & F.Y	DATE & TIME	LOCATION	SPECIAL RESOLUTION(S) PASSED
ANNUAL GENERAL MEETINGS			
8th AGM 2013-2014 at 10.00 a.m	September 26, 2014	Sri Satya Sai Nigamagadam, 8-3-987/2, Srinagar Colony, Hyderabad - 500 073	<ul style="list-style-type: none"> Approval and ratification of remuneration paid to Mr. K S Raju, Chairman during the period April 1, 2013 to March 31, 2014 Approval and ratification of remuneration paid to Mr. K Rahul Raju, Managing Director during the financial year April 1, 2013 to March 31, 2014 Approval and ratification of remuneration paid to Mr. K S Raju, Chairman during the period April 1, 2014 to July 31, 2014 Approval and ratification of remuneration paid to Mr. K Rahul Raju, Managing Director during the period April 1, 2014 to July 31, 2014 Appointment of Mr. K. S. Raju as a Director and Chairman for a period of 3 years with effect from August 1, 2014 and payment of remuneration Appointment of Mr. K. Rahul Raju as a Managing Director for a period of 3 years with effect from August 1, 2014 and payment of remuneration Contribution not exceeding Rs. 2 crores to Nagarjuna Foundation for undertaking CSR Activities on behalf of the Company.
9th AGM 2014-2015 at 10.00 a.m	September 29, 2015	Sri Satya Sai Nigamagadam, 8-3-987/2, Srinagar Colony, Hyderabad - 500 073	<ul style="list-style-type: none"> Appointment of Ms. Lalitha Raghuram as Independent Director on the Board of the Company Appointment of Mr. D Ranga Raju as Independent Director on the Board of the Company Appointment of Mr. Dantu Mitra as Cost Auditor of the Company for the year 2015-2016 Contribution not exceeding Rs. 2 crores to Nagarjuna Foundation for undertaking CSR Activities on behalf of the Company. Borrowings money not exceeding Rs. 7500 crores and approval for creation of mortgages, charges and hypothecation to secure borrowings in accordance with Section 180(1)(a) and 180(1)(c) of the Companies Act, 2013

10th AGM 2015-2016 at 10.00 a.m	September 30, 2016	Sri Satya Sai Nigamagmam, 8-3-987/2, Srinagar Colony, Hyderabad - 500 073	<ul style="list-style-type: none"> To fix remuneration of Mr.Dantu Mitra., Cost Auditor who was appointed by the Board of Directors. Appointment of Mr. Uday Shankar Jha as Independent Director on the Board of the Company Appointment of Mr. C B Mouli as Independent Director on the Board of the Company. To sell and transfer the realized net proceeds of the Fractional Entitlements arising out of the Scheme to Investor Education and Protection Fund (IEPF)
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EXTRA ORDINARY GENERAL MEETINGS

EGM 2011-12	February 25, 2011 at 02.30 PM	Nagarjuna Hills, Punjagutta, Hyderabad-500 082	<ul style="list-style-type: none"> Cancellation of existing capital of Rs. 5 Lakhs of the Company pursuant to Section 100 to 103 subject to sanction of Composite Scheme Approval of the Company to borrow any sum of money as per section 293(1)(d) of the Companies Act, 1956. Approval to create mortgage and/or charge as per Section 293(1)(a) of the Companies Act, 1956.
EGM 2011-12	August 19, 2011 at 09.00 AM	Nagarjuna Hills, Punjagutta, Hyderabad-500 082	<ul style="list-style-type: none"> Change of Name of the Company from Kakinada Fertilizers Limited to Nagarjuna Fertilizers and Chemicals Limited as per Section 21 of the Companies Act, 1956 and Orders of the High Court of Andhra Pradesh and High Court of Mumbai Alteration of Articles of Association of the Company pursuant to the provisions of Section 31 of the Companies Act, 1956 and Orders of the High Court of Andhra Pradesh and High Court of Mumbai Alteration of Articles of Association as per Section 31 of the Companies Act, 1956.
EGM 2011-12	September 12, 2011 at 09.00 AM	Nagarjuna Hills, Punjagutta, Hyderabad-500 082	<ul style="list-style-type: none"> Contribution of sum not exceeding Rs. 1 crore per year to Nagarjuna Oil Refinery Limited (NORL) pursuant to Clause 29 of the Composite Scheme of Arrangement and Amalgamation and in accordance with Section 372A of the Companies Act, 1956

DETAILS OF PUBLIC FUNDING IN THE LAST THREE YEARS

The Company has not raised any funds from the public.

The Company has not issued any GDRs/ADRs.

MONEYS REMAINING UNCLAIMED WITH THE COMPANY

There are no unclaimed fixed deposits, unclaimed deposits and interest on deposits.

There are unclaimed dividends and the same shall be transferred to Investor Education and Protection Fund as and when due for transfer.

DISCLOSURES

Compliance with mandatory requirements of the Listing Agreement

a. Related party transactions:

Names of related parties and description of relationship.

Subsidiaries

- (i) Jaiprakash Engineering and Steel Company Limited

- (ii) Nagarjuna Industrial Services and Investments Private Limited (formerly Nagarjuna Mauritius Private Limited)

Associates

- (i) Nagarjuna Agricultural Research and Development Institute
(ii) KVK Raju International Leadership Academy

Key Managerial Personnel

- (i) Mr. K S Raju, Chairman
(ii) Mr. K Rahul Raju, Managing Director

Relatives of Key Managerial Personnel

- (i) Ms. K Lakshmi Raju (Daughter of Mr. K S Raju & Sister of Mr. K Rahul Raju)
(ii) Ms. K Lakshmi Raju (Sister of Mr. K S Raju)

Enterprises able to exercise significant influence

- (i) Amlika Mercantile Private Limited

Enterprises significantly influenced by KMP or their relatives

Related party transactions during the year ended March 31, 2017 are as under:

in Lakhs

Nature of transaction	Subsidiaries	Key Management Personnel	Close members of family of key Mgmt. Personnel	Enterprises significantly influenced by Key Management personnel or close members of their family
Advances given				
Nagarjuna Industrial Services and Investments Private Limited	(26.02)	-	-	-
	(37.55)	-	-	-
Nagarjuna Oil Refinery Limited	-	-	-	366.00
	-	-	-	(239.60)
Purchase of Patents				
Nagarjuna Industrial Services and Investments Private Limited	49.44	-	-	-
	-	-	-	-
Interest income				
Nagarjuna Industrial Services and Investments Private Limited	-	-	-	-
	(0.43)	-	-	-
Remuneration				
Shri K S Raju	-	68.57	-	-
	-	(71.18)	-	-
Shri K Rahul Raju	-	66.80	-	-
	-	(70.06)	-	-
Recovery of remuneration				
Shri K S Raju	-	0.52	-	-
	-	(8.79)	-	-
Shri K Rahul Raju	-	0.81	-	-
	-	(8.14)	-	-
Investments written off				
Nagarjuna Industrial Services and Investments Private Limited	7.12	-	-	-
	-	-	-	-
Provision for diminution in the value of investment				
Nagarjuna Industrial Services and Investments Private Limited	-	-	-	-
	(352.24)	-	-	-
Jaiprakash Engineering and Steel Company Limited	-	-	-	-
	(460.00)	-	-	-
Rent paid				
Shri K Rahul Raju	-	624.00	-	-
	-	(589.11)	-	-
Smt. K Lakshmi Raju (Daughter of Shri K S Raju and Sister of Shri K Rahul Raju)	-	-	34.47	-
	-	-	(30.07)	-
Nagarjuna Impex Private Limited	-	-	-	24.13
	-	-	-	(20.53)
Nagarjuna Agrichem Limited	-	-	-	6.00
	-	-	-	(6.00)
Corporate Social responsibility contributions				
Nagarjuna Foundation	-	-	-	75.00
	-	-	-	(73.75)

Note: Figures in brackets represent previous year transactions.

- (i) Nagarjuna Agrichem Limited
- (ii) Nagarjuna Oil Refinery Limited
- (iii) Nagarjuna Impex Private Limited
- (iv) Nagarjuna Foundation

b. Disclosure of accounting treatment

In the preparation of financial statements, the Company followed the Accounting Standards issued by the Institute of Chartered Accountants of India

c. Proceeds from the preferential issue of warrants

Not applicable

d. Certifications:

1. The Managing Director and Chief Financial Officer, certify every quarter that the unaudited financial results of the Company do not contain any false or misleading statement or figures and do not omit any material fact which may make the statements or figures contained therein misleading.
2. A certificate as stipulated by Regulation 17(8) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 is signed by Managing Director and Chief Financial Officer certifying the correctness of the year end financial statements and cash flow statement, responsibility for internal controls and indication of changes in the internal control and accounting policies appears in the Annexure to this report.
3. A certificate as mandated by SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 signed by Managing Director and Company Secretary certifying the compliance of Code of Conduct and ethics appears in the annexure to this report.

- e.** There were no penalties, strictures imposed on the Company by Stock Exchanges or Securities and Exchange Board of India (SEBI) or any Statutory Authority on any matter related to capital markets during the last three years.

Compliance with Mandatory Requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015

Your Company is fully compliant with the applicable mandatory requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 except to the extent of appointment of Independent Director.

A certificate from Practicing Company Secretary on Corporate Governance has been obtained and the same is appearing as an Annexure to the Report.

The table shows the Compliance Report status as on March 31, 2017

Particulars	Regulation Number	Compliance status (Yes/No/NA)
Independent director(s) have been appointed in terms of specified criteria of 'independence' and/or 'eligibility'	16(1)(b) & 25(6)	The total strength of the Board as on March 31, 2017 is Twelve consisting of Two Executive Directors including the Chairman, Five Independent Directors and Five Nominee Directors. In accordance with Regulation 25(6) of SEBI (LODR), the Company has time till the next Board Meeting scheduled in May, 2017 to fill the vacancy and is in the process of identifying One Independent Director for appointment to the Board The vacancy has since been filled.
Board composition	17(1)	Yes
Meeting of Board of directors	17(2)	Yes
Review of Compliance Reports	17(3)	Yes
Plans for orderly succession for appointments	17(4)	Yes
Code of Conduct	17(5)	Yes
Fees/compensation	17(6)	Yes
Minimum Information	17(7)	Yes
Compliance Certificate	17(8)	Yes
Risk Assessment & Management	17(9)	Yes
Performance Evaluation of Independent Directors	17(10)	Yes
Composition of Audit Committee	18(1)	Yes
Meeting of Audit Committee	18(2)	Yes
Composition of nomination & remuneration committee	19(1) & (2)	Yes
Composition of Stakeholder Relationship Committee	20(1) & (2)	Yes
Composition and role of risk management committee	21(1),(2),(3),(4)	Yes
Vigil Mechanism	22	Yes
Policy for related party Transaction	23(1),(5),(6),(7) & (8)	Yes
Prior or Omnibus approval of Audit Committee for all related party transactions	23(2), (3)	Yes

Approval for material related party transactions	23(4)	Yes
Composition of Board of Directors of unlisted material Subsidiary	24(1)	NA
Other Corporate Governance requirements with respect to subsidiary of listed entity	24(2),(3),(4), (5) & (6)	Yes
Maximum Directorship & Tenure	25(1) & (2)	Yes
Meeting of independent directors	25(3) & (4)	Yes
Familiarization of independent directors	25(7)	Yes
Memberships in Committees	26(1)	Yes
Affirmation with compliance to code of conduct from Members of Board of Directors and Senior management personnel	26(3)	Yes
Disclosure of Shareholding by Non-Executive Directors	26(4)	Yes
Policy with respect to Obligations of directors and senior management	26(2) & 26(5)	Yes

Discretionary Requirements

A Non-Executive Chairman may be entitled to maintain a Chairman's office at the Company's expense and also allowed reimbursement of expenses incurred in performance of his duties.	Not Applicable
A half-yearly declaration of financial performance including summary of the significant events in last six-months, may be sent to each household of shareholders.	The Un-audited Financial Results for the half year is sent to all shareholders who have provided their e-mail id's
The listed entity may move towards a regime of financial statements with unmodified audit opinion.	Yes
The listed entity may appoint separate persons to the post of Chairperson and Managing Director or Chief Executive Officer	There is a separate Chairman and Managing Director in the Company
The Internal auditor may report directly to the Audit Committee.	The Internal Auditor has direct access to Audit committee.

OTHER COMPLIANCES

Your Company, in recent years, undertook a series of initiatives, going beyond regulatory requirements, to ensure excellence in governance and to promote the interests of all stakeholders.

Secretarial Standards of Institute of Company Secretaries of India (ICSI)

The Company has, consequent to ICSI notifying Secretarial Standards 1 and 2 with effect from July 1, 2015 been in compliance of the same.

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has not received any complaints alleging sexual harassment during the financial year 2016-17.

GENERAL SHAREHOLDERS INFORMATION

11th Annual General Meeting	Friday, September 26, 2017 at 10.00 A.M.
Day, Date, Time and Venue	Sri Satya Sai Nigamagmam, Srinagar Colony, Hyderabad
Dates of Book Closure	September 19, 2017 to September 26, 2017
Registered Office	D.N 8-2-248, Nagarjuna Hills, Punjagutta, Hyderabad - 500 082.
Plant Location	The Company has two urea and one customised fertilizer plants located at Kakinada in Andhra Pradesh and micro-irrigation system manufacturing facilities at Nacharam and Sadashivpet in Telangana and Halol in Gujarat
Compliance Officer	Mr. M Ramakanth, Sr. Vice President - Legal & Company Secretary Ph No.(040) 23355317. Fax (040) 23350247 Email : ramakanthm@nagarjunagroup.com
Share Transfer Agent	Nagarjuna Fertilizers and Chemicals Limited Investors Service Cell, Plot No 1, Punjagutta, Nagarjuna Hills, Hyderabad - 500 082, Telangana, India. Tel: +91-40-23358405 Email: Investors@nagarjunagroup.com
Dividend history for the last five years	The Company has declared a dividend of Re. 1/- per share to the equity shareholders of the Company for the year ended March 31, 2012. No dividend was declared in the years 2012-13, 2013-14, 2014-15 and 2015-16
Tentative dates for considering Financial Results	Quarter ending June 30, 2017 - 3rd week of July '2017 Quarter ending September 30, 2017 - 3rd week of October '2017 Quarter ending December 31, 2017 - 3rd week of January '2018 For the year ending March 31, 2018 - 4th week of April '2018
Listing on stock exchanges	The Bombay Stock Exchange, Corporate Relationship Department, 1st Floor, New Trading Ring, Routunda Building, PJ Towers, Dalal Street, Fort Mumbai -400 001 SCRIP Code - 539917 National Stock Exchange of India Limited, Exchange Plaza, 5th Floor, Plot No.C/1, G Block, Bandra - Kurla Complex, Bandra (E), Mumbai - 400 051 SCRIP Code - NAGAFERT
Listing fee	The Company has paid the listing fees to The Bombay Stock Exchange, Mumbai and The National Stock Exchange of India Limited, Mumbai.
ISIN No	INE454M01024 for NSDL and CDSL.
CIN No.	L24129AP2006PLC076238

Exchange of India Limited) except the following compliances:

Regulation 17 (1) (b) of LODR:

Mr. K.S. Raju is an Executive Chairman and at least half the Board shall consist of Independent Directors. The Company, though presently in compliance with the provisions Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is at present falling short of having one Independent Director on the Board.

It is noted that the composition of Board has undergone change, pursuant to the resignation of Mr. D. Ranga Raju from the Board w.e.f. February 1st, 2017, the Company needs to appoint one Independent Director to comply with the requirements of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In accordance with Regulation 25(6) of SEBI (LODR), the Company has time till the next Board Meeting to fill the vacancy and is in the process of identifying One Independent Director for appointment to the Board

2. The Company undertakes share transfer activity as a Category II Share Transfer Agent and the Company has certified the number of complaints received from the investors and the number of complaints resolved during the financial year and there are no complaints pending as at the year-end as stated under Investor Grievance Redressal Column of the Company's Report on Corporate Governance.

We certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement and Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements Regulations, 2015).

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For KBG ASSOCIATES
Company Secretaries**

(Srikrishna S Chintalapati)

Partner

CP # 6262

Place : Hyderabad

Date : May 26, 2017